

# Town Meeting

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BULLETIN OF AMERICA'S TOWN MEETING OF THE AIR

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### Profit-Sharing the Answer to Labor-Management Disputes?

Moderator, **GEORGE V. DENNY, Jr.**

#### *Speakers*

**STUART SYMINGTON**

**LEMUEL R. BOULWARE**

**CASS S. HOUGH**

**JOSEPH D. KEENAN**

(See also page 12)

#### COMING

— December 6, 1949 —

**Should We Recognize the Chinese  
Communist Government?**

— December 13, 1949 —

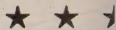
**Our Policy Toward Western Germany  
Sound?**

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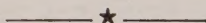


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## THE BROADCAST OF NOVEMBER 29: "Is Profit-Sharing the Answer to Labor- Management Disputes?"

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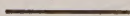
## THE BROADCAST OF DECEMBER 6: "Should We Recognize the Chinese Communist Government?"



## THE BROADCAST OF DECEMBER 13: "Is Our Policy Toward Western Germany Sound?"



The Broadcast of November 29, 1949, over the American Broadcasting Company Network from 8:30 to 9:30 p.m. EST, originated in Town Hall, New York City.



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# Town Meeting

BULLETIN OF AMERICA'S TOWN MEETING OF THE AIR

GEORGE V. DENNY, JR., MODERATOR



MBER 29, 1949

VOL. 15, No. 31

## Profit-Sharing the Answer to Labor-Management Disputes?

**ouncer:**

ight we want to say, "Thank you, thank you, thank you," times for your wonderful response to last week's program e subject, "Do Our Churches Offer a Sound Basis for Faith Living?" We haven't gotten through all the mail yet, but Mr. y and his associates have read enough to know that it really d you up and set you to thinking.

any of you differed strongly with the views expressed. Some objected to the program itself. However, most of you ved of this and the discussion of similar subjects.

a California listener wrote, "On this, my 63rd birthday, the bk of life gets brighter and brighter with you on deck ing all the opposing forces together to fight it out in the open. e keep right on with this type of subject."

a can be sure that Town Meeting will continue to be respon- to your suggestions for programs and speakers, so never ate to take your pen or typewriter in hand to let us have your estions or criticisms. This is "America's Town Meeting of the -your Town Meeting of the Air.

w, to preside over our discussion, here is your moderator, resident of Town Hall, New York, and founder of America's l Meeting of the Air, Mr. George V. Denny, Jr. Mr. Denny. ause)

**erator Denny:**

od evening, neighbors. In the last calendar year, 1948, 2,100 man days were forever lost due to labor-management tes. It is impossible to determine just how many man days



have been used by our Congress, by businessmen, and by labor organizations to find a satisfactory formula for dealing with labor-management disputes. But it is certainly worth an hour of time tonight to examine profit-sharing as a possible answer to this vexing question in the field of human relations.

If profit-sharing provides an answer which will tend to lessen the number of man hours lost in labor-management disputes, if it increases the productivity of our working together, we'll want to know more about it.

But, like most ideas in the field of human relations, there are at least two sides to the question. Two of our speakers, Mr. Cass Hough, executive vice president of Daisy Manufacturing Company, Secretary of the Air Force and former business executive, and Stuart Symington, believe that profit-sharing is an answer.

Mr. Lemuel Boulware, vice president of General Electric, and Joseph D. Keenan, director of Labor's League for Political Education, have some serious questions to raise about it.

But before we get into the arguments on both sides I think we ought to know what we mean by profit-sharing. I'm going to ask these gentlemen to join me up here around the microphone for a little discussion of that.

Secretary Symington, will you tell us what you mean by profit-sharing plan?

**Secretary Symington:** A plan by which a portion of the profits of a company is divided among all the people working in the company with the mutual agreement of management and labor.

**Moderator Denny:** Thank you, sir, that's pretty concise. Now how about Mr. Keenan?

**Mr. Keenan:** Well, I think that we in labor have had quite a sad experience with profit-sharing, and I believe that we want to have to know and have to have some understanding before we agree with it.

**Moderator Denny:** Thank you, sir. Here's one of the chief proponents of profit-sharing as an answer to the labor-management disputes, Mr. Cass Hough, executive vice president of Daisy Manufacturing Company. Mr. Hough, could you tell us there are a great many profit-sharing plans, I know—but could you tell us a little something about how it works in one or two particular cases so that we will get a clear idea of what we are talking about?

**Mr. Hough:** I know that in a great many industries, Mr. Denny, profit-sharing has been the answer that we believe it to be. It has produced more goods, which means lowered prices. It has made a greater income for people working in industry. And it has

ly narrowed down to relatively trivial things the area of dis-  
sement between management and labor.

**erator Denny:** That is a pretty good argument on your side  
e case, Mr. Hough, but what I am getting at is how does it  
out practically in one case—give us one case. How much  
labor get beyond ordinary wages under a profit-sharing  
And how is it determined?

**Hough:** Well, in our own case, Mr. Denny, our people this  
will receive approximately 33 $\frac{1}{3}$  per cent more than their  
anteed basic wage, which wage is higher than, or at least as  
as, that of any industry in our area.

e same thing is true in other industries, although the per-  
ages vary because of the type of industry.

**erator Denny:** All right, sir. Now, Mr. Boulware, would  
are to add anything to this discussion of what the profit-  
ng plan really is?

**Boulware:** Mr. Denny, I understand profit-sharing to be  
annual or periodic extra payments that are made in propor-  
to the current profits of a business. As I have indicated, our  
ience, we believe, tells us that profit-sharing does not of  
i improve employee relations, although we have tried and  
and we are perfectly willing to try again if we can be  
aded to do so here tonight.

**erator Denny:** All right, thank you, Mr. Boulware. We just  
ed to get some idea of just what this is we're talking about,  
we appreciate you gentlemen helping us there.

w, we're going to hear the arguments first—a little more of  
argument from Mr. Cass Hough, executive vice president of  
aisy Manufacturing Company, of Plymouth, Michigan; also  
tee and member of the executive committee of the Profit-  
ng Industries. Mr. Hough. (*Applause*)

**Hough:**

ere is a very definite answer to labor-management disputes,  
n my opinion, a comparatively simple one. The answer is  
work, fostered by profit-sharing. That this kind of teamwork  
ces greater employee earnings, lowered consumer prices,  
greater return to stockholders at the same time is eloquently  
ld in the records of thousands of profit-sharing industries

erica is world renowned for its interest in sports of all kinds.  
st fathers see their newly born sons as potential All-  
icans. Most children are raised in an atmosphere of team-  
around the home and have its virtues extolled and demon-



strated to them through their formative years. Even kids of "dead-end" variety learn the lessons of teamwork early in

But these same youngsters, as they take their places in industry are asked by rabble-rousers and those with international or personal axes to grind to believe that teamwork with an employer is an utter impossibility; in fact, in bad taste.

Let there be no misunderstanding here, Mr. Keenan. There are many good, fundamental reasons why those people presenting this vicious kind of talk find ears anxious to listen. The 54 and 60-hour weeks of hard work and low pay are only a few years back, as are the days of ruthless and complete domination of labor by despotic managers. Only after a long struggle, have the generally employed and their families been given by law the protection due them in such fundamental rights as job seniority. Your organization, Mr. Keenan, has done much to bring this to pass. But that protection isn't enough. The same laws which provided it created what appears to be a very wide, deep chasm between employer and employee. Reactionary managers, faced by this situation, do nothing but emulate the ostrich, while some equally reactionary employee group leaders strive constantly to widen the chasm.

To the superficial thinker, to the defeatist-minded, the impasse is complete. If that be so, then equally complete is the destruction of our system of government and of an industrial plan, which, despite all its faults, with all its inequalities, is still infinitely superior in end result to any system so far devised by the mind of man.

But believe me this chasm isn't as wide and as deep as it appears and with a very little spadework by those on each side of it, it will be permanently filled. Spadework is teamwork, and teamwork and profit-sharing go hand in hand.

Mr. Boulware will tell you shortly why he thinks profit-sharing is not the answer and cite his company's experience. It's his opinion that his company expected, by the simple expedient of paying out sums of money, to find a panacea for all troubles.

The actual divvying up of money in itself is the answer to nothing, unless it be the lowering of the taxable income of one and the raising of others. But a business philosophy that has teamwork at its foundation and uses profit-sharing as its vehicle can succeed and has solved the apparent impasse between employer and employee.

There is nothing paternalistic or altruistic in an intelligently conceived and administered profit-sharing plan. It is a hard-headed business proposition under which everyone in the business

ture—stockholder, employee, and consumer—stands to profit as business progresses.

As a former distinguished man of business—now turned bureaucrat—Secretary Symington knows that a real profit-sharing plan never considered as even a partial substitute for fair wages and salaries. As a matter of fact, enlightened management knows and believes that its wage scale must be at least as high as the wage scale of competitive industry—higher if possible.

Intelligent management knows, too, that the operation of its business may and usually does produce peaks and valleys of pricing. But so long as wages and salaries are on a par with comparable jobs and comparable industries, this management knows its employees have everything to gain and nothing to lose under a profit-sharing plan.

Equally important, the same enlightened employer knows that, as a result of the teamwork created under profit-sharing, his costs will decrease, enabling him to outstrip his competition, and, at the same time, give the ultimate consumer better values. He also knows that his stockholders will benefit through increased earnings.

So when management provides a plan whereby employees, stockholders, and customers all benefit, this management must be on the right track and records prove it. This is actually the way of practically all companies practicing real profit-sharing today. They have successfully put teamwork into action in the same way with the biggest stakes of all—American business. (Applause)

### **Moderator Denny:**

Thank you, Mr. Cass Hough. Our second speaker is the vice president of one of America's greatest producing corporations, which employs around 200,000 people—the General Electric Company. Mr. Boulware is also a member of the Board of Directors of the American Management Association and a former operating chairman of the War Production Board. We are happy to present Mr. Lemuel R. Boulware. Mr. Boulware. (Applause)

### **Mr. Boulware:**

As much as I can be for the teamwork and completely for the other objectives sought through profit-sharing. My company has proved itself, in two extended trials, more than willing to share profits towards these ends—\$38,000,000 for one period and \$100,000,000 for another period, we spent.

We're certainly open-minded, as I said a minute ago, about



another trial; any time we can believe again that profit-sharing may accomplish good employee relations. It is good teamwork we want.

But before indicating why we have twice given up profit-sharing let me describe, Mr. Hough, what are good employee-relations in our estimation, and what and how much, if you will, we now think we have all got to do and what we ourselves are trying to do to accomplish the good employee-relations we seek.

First, we're trying to get the pay and working conditions and other material elements of every employee's job up to and kept up to the ever-rising standards in these respects for what the employee does. We're trying to do this to the greatest extent possible voluntarily, in the light of the information available, including especially that which we get from the employee and the union.

Second, we're trying, as managers, to put the human considerations up front with the pay. We're trying to be certain we respect and fiercely protect the dignity of the individual employee; to have him understand the importance of what he is doing and have a sound basis for a genuine sense of participation; to have him find our whole association together pleasant and rewarding.

Third, we go on beyond that. We in management are trying to learn and then to teach thoroughly the economic facts of life, how we got this good; how we can go on and get better. We're trying to give our employees and their families and neighbors such aid and encouragement as we can in their getting complete and accurate facts on which they can come to their own conclusions about the parts played in a free economy by these members of the team—the customer, the employee, the manager, and the citizen who has risked his savings in a business—and what are the just rewards of each of these, no one of whom will do his part even try if he doesn't feel he's going to be fairly paid.

Probably the most important fact of economics for us here tonight, I think, is that here in America there are two ways to make money: (1) through wages for personal effort; and (2) through return on savings, accumulated through self-denial and then invested or risked.

Any profit earned from such risking, earned in competition, comes from over-all effectiveness in operating a business with the competitive prices at which less effective competitors are only breaking even.

Now, why we feel that our experience indicates profit-sharing is not the answer, or even a good reliable aid to good employee relations. First, profit-sharing does not reward an employee



that he accomplishes in the area under his control. The employee isn't sure his application and coöperation and effectiveness are matched by those other employees out of his sight, or by the boss, even.

Second, profit-sharing has to be on some arbitrary basis, both as to the percentage of the profit and as to the way it is divided among the employees. We could argue here all night on whether profit-sharing should take five or fifty or seventy-five per cent of the profits of a business. There can be no inherently or mechanically just basis. No matter how much it is, employees naturally can't see any reason why it shouldn't be greater, why it stopped where you did—and there really isn't any reason.

Third, any percentage or amount is gratefully received in the beginning, but wears off, in our experience. It gets taken for granted after a time and not only ceases to be a source of gratitude but may do more harm than good, first in distemper because it is arbitrarily higher, and, second, through having gotten employee expenditures and commitments up to a new high level unwarranted by reasonably certain future income.

Fourth, profit-sharing without capital risk, or risk of savings, gives a false impression, I feel, of the system of private property and of incentives. It isn't the way for us all to act for our own good, as the capitalists we all are, or for the good of our fellow men.

Fifth, I think the employers—these distinguished gentlemen who feel profit-sharing is succeeding for them—have to be in relatively small or inherently intimate businesses, or they, as managers, are being mighty modest with themselves. I think their success in employee relations is not from the profit-sharing, but from a whole lot of other things they and their associates do right along on the employee relations front. (*Applause*)

**Moderator Denny:**

Thank you, Mr. Boulware. The distinguished Secretary of our Air Forces, and the former President and Chairman of the Board of the Emerson Electric Company of St. Louis. Ever since he graduated from Yale University, he's been active in business, and has always been deeply interested in labor-management relations. We are very proud to present on Town Meeting the Honorable Stuart Symington. (*Applause*)

**Secretary Symington:**

I agree wholeheartedly with Mr. Hough that America is the land of teamwork. I don't agree with Mr. Boulware that in effect

the only American who should profit in the American scene is the capitalist. (*Applause*)

With the world in its present condition, nothing is more important—nothing could be more important—to the future security of our country than mutual understanding, mutual respect between the various groups that make up the population of the United States.

I believe that profit-sharing helps us attain that understanding and respect. Perhaps the wisest man in our history once remarked at the time our country was first formed that if we didn't all hang together, we'd hang separately, and that observation was never more true than it is today.

Any war that might come to this country in the future would be a total war—a war in which the courage and loyalty of the man or woman worker on the machines of industry would be just as important as that of the fighting men in the front lines. Every citizen should not only know but should believe in the causes for which we would, if necessary, fight again—such causes as belief in freedom of speech, belief in freedom of action, belief in self-determination, belief in an enlightened progressive economy, free enterprise under the capitalistic system.

I do not say that our system, as it functions today, is the ultimate for the spiritual and material progress of the people. But I do say, without any reservation, that it is the best system civilization has developed to date. (*Applause*) I affirm, also, that it is far better to continue to improve our current system of individual liberty than it would be to shift to any new way of life in which the individual becomes the slave of his state, instead of its master.

I do not say that profit-sharing is *the* answer to labor-management disputes. But I do assert that it is *one* of the answers—that automatically creates thousands of free enterprise capitalists and, therefore, one that should be explored fully by American industry and labor and government, as we gird ourselves in this unsettled world to protect our way of life.

Over the long pull, no employer can or should win unless he is just as interested in the happiness and welfare of the members of his organization as he is in the happiness and profits of his stockholders. True economic democracy must begin around the board tables of management.

The most intelligent analysis of profit-sharing that I have seen was made in 1939 by the Finance Committee of the United States Senate, as the result of a resolution introduced by Senator Arthur Vandenberg. In this report, an astounding statement is made

ely, that no profit-sharing system in this country, sincerely  
erated, has ever failed.

The rise of the Industrial Age gave many advantages. One  
ulting disadvantage, however, was and is the growing impor-  
nce of size. This growth continues to further separate the owner  
manager from the other members of his organization. I believe  
at much of the cause for unrest in our modern industrial system  
free enterprise can be overcome if all the worker-members of  
r national economy become partners in the business.

After the employee has been paid the full-going wage, I believe  
is to the interest of all stockholders to have their employees,  
effect, also stockholders. This position is attained when profits  
e shared, and more profits, and, therefore, more wealth distri-  
ution are certain to result.

Profit-sharing is the essence of mutual coöperation. It is  
mocracy in business. I believe it gives greater security to the  
ividual under our system of free enterprise, and, therefore,  
reater security to our Nation. (*Applause*)

#### **oderator Denny:**

Thank you, Secretary Symington. This discussion would be in-  
omplete, indeed, without the voice of organized labor. We are  
ppy to have the director of Labor's League for Political Edu-  
on of the American Federation of Labor, Mr. Joseph D.  
enan. Mr. Keenan has also served on the War Production  
ard, and for two and a half years was labor adviser to General  
y in Germany. Welcome to our Town Meeting, Mr. Keenan.  
(*Applause*)

#### **. Keenan:**

I have listened with a great interest to the statements of Secre-  
y Symington and Mr. Hough, and I must say that we in labor  
ven't found such a rosy picture as far as profit-sharing plans  
e concerned.

Mr. Boulware has a different approach than I.

s profit-sharing an answer to labor-management disputes? The  
wer to the question is a simple "no."

First, the question assumes that labor disputes are caused  
ely by failure to agree on wages. Actually, many factors are  
olved. Without wholehearted acceptance of the process of  
ective bargaining, and mutual respect and fair play on both  
es of the table, profit-sharing plans become nothing but another  
orce of friction and industrial conflict.

even the National Industrial Conference Board, an adjunct of



# THE SPEAKERS' COLUMN

**WILLIAM STUART SYMINGTON**—Now Secretary of the Air Force, Mr. Symington was formerly Assistant Secretary of War for Air Defense. Mr. Symington was born in Amherst, Massachusetts, in 1901. He was a student at Yale from 1919 to 1923. From 1923 until 1930, he was associated with the Symington Companies, and from 1930 until 1935, president of the Colonial Radio Co., of Rochester, N. Y. From 1935 until 1937, he was president of the Rustless Iron and Steel Co., of Baltimore, Maryland. From 1938 to 1945, Mr. Symington was president and chairman of the board of the Emerson Electric Mfg. Co., of St. Louis, Missouri. Then for one year, he served as Surplus Property Administrator in Washington, D. C., before becoming Assistant Secretary of War for Air, and later Secretary of the Air Force.

During World War I, Mr. Symington served in the United States Army.

**LEMUEL RICKETTS BOULWARE**—Mr. Boulware is vice president of the General Electric Company and a member of the Board of Directors of the American Management Association. Born in Springfield, Kentucky, in 1895, Mr. Boulware has an A. B. from the University of Wisconsin. Before entering business, he taught school. From 1925 to 1935, he was sales manager for the Easy Washing Machine Corp.; and, from 1936 to 1939, vice president and general manager of the Carrier Corp. The following two years, he was vice president and general manager of the Celotex Corp.

With the entrance of the United States into war, Mr. Boulware served as assistant to the chairman of the War Production Board, Deputy Comptroller of shipbuilding, and operations vice chairman of the War Production Board. He also was a member of the production executive committee and the standardization of shipbuilding design committee of the Combined

Chiefs of Staff. For his war service he was awarded the Medal of Merit.

Returning to private business with the General Electric Company, he was made vice president in November, 1945. He is also a member of the boards of several other companies. He is a former associate editor of *Sales Management*, and a contributor to *Printers Ink*, *Advertising and Selling*, and to various other publications.

During World War I, Mr. Boulware served as a captain in the infantry of the United States Army.

**JOSEPH DANIEL KEENAN**—Active in labor circles for many years, Mr. Keenan is now director of Labor League for Political Education of the American Federation of Labor.

Born in Chicago in 1896, Mr. Keenan attended St. Jarloth's School and took an electrical apprentice course at Crane Technical High School. From 1915 until 1923, he was a cable splice for the Chicago Telephone Company. Then, until 1930, he was superintendent of electrical construction for the Federal Electric Co. During the next several years, he was electrical engineer in charge of the north side Treatment Plant in Chicago. In 1937, he became secretary of the Chicago Federation of Labor.

Mr. Keenan has been a director of Station WCFL, Chicago. He was labor adviser to the associate director general of OPM, associate director of the Labor Production Board, and vice chairman of labor production for WPB in Washington, D. C. In Germany, from 1941 until 1947, he was labor adviser to General Clay.

**CASS S. HOUGH**—Colonel Hough is executive vice president of the Dayton Manufacturing Company of Plymouth, Michigan. He is a trustee and member of the executive committee of the Council of Profit-Sharing Industries.

the NAM, conducted a survey and found that of 161 plans studied, 60 per cent had been discontinued.

A study made in England and in other countries showed an even greater death rate; the cause—workers' dissatisfaction. They find greater income security in a steady wage than management-dominated profit-sharing schemes.

Third, experience has caused workers to treat profit-sharing with distrust and suspicion. Why? There are several reasons.

A. They have been usually introduced by employers as a device to prevent union organization of employees, and thus avoid the necessity of bargaining for fair wages.

B. They are commonly associated with the speed-up, and

employees have had bitter experiences with exerting greater effort without realizing a commensurate monetary share in return. Though offered with fine words about making the workers full partners in production and profits, actually they are typically imposed unilaterally by management and operated with a minimum, if any, employee participation in determining production, marketing, or even profit-sharing policies.

Now, yourself—would you trade steady, set wages for a share of profits if you had no say in making sure that the business was run in such a manner as to make profits, and if you had no say in how profits would be divided among top executives, investors, and workers? But name me one employer who would genuinely share management privileges with his employees.

Incidentally, in 1945, the most recent study by the Industrial Relations Counselors showed that out of 129 active plans, 117 were administered solely by management. Boss, I am not sure that profit-sharing schemes are in line with the American concept of a competitive enterprise.

Effective bargaining establishes labor standards on the principle that labor is not a commodity and that price competition should not be based on cutthroat wage competition.

The survival of business should depend upon the relative efficiency and good management and not on its ability to slice the pie when competitive pressure is applied to profit margins. Profit and loss sharing works against the very concept of labor standards and provides an automatic means whereby the brunt of competition is borne by labor and the heat is taken off management where it should rightly be applied. This subsidizes and encourages inefficiency.

Under profit-sharing plans employees come to count on their shares as a part of their wages. When profits fall and their shares decrease, the employees are bound to blame management, leading in a labor-management dispute.

Finally, we hold that it is management's right to manage, but we demand the rights to set fair wages and working conditions through sincere collective bargaining. No matter how attractive they may sound, most profit-sharing plans remain what they have always been—management devices designed to serve management's ends and not the employees. (*Applause*)

**Senator Denny:**

Thank you, Mr. Keenan. Well, gentlemen, you've certainly given both sides of this question. Now would you come up and join me around the microphone for a further discussion? Mr. Hough,

we haven't heard from you for a little while. Would you like a microphone?

**Mr. Hough:** I'd like to ask Mr. Boulware a question. You've got broad shoulders, Mr. Boulware, but I don't think they're broad enough to carry water on both of them. In one instance, you were trying to educate the people in your organization about the broad principles of business, and, in the next breath, you were criticizing profit-sharing because it takes them out of the area under their immediate supervision. How do you make those two ideas compatible?

**Mr. Boulware:** Well, I wasn't aware of this contrary nature of the thought I was very consistent. I claim that the worker, the employee, any one of us, or any one of the four members of the team is interested in accomplishing things in the area under his control, and in getting rewarded appropriately, and in accordance with standards that we set—all in that area or individual or some other area. I think that there is no diversion of attention here. I think if you've got a team, the first baseman's got a job to do and he may get dividends, and the pitcher has got a job to do and he may get wages. I think that each one is paid in accordance with what he does. I don't think that there is the slightest conflict here, because I think that you get profits for the risk of savings and that you get wages for what you do in the area of your control there.

**Mr. Denny:** All right, sir. Thank you. Mr. Secretary, have you any questions you'd like to ask? You are accustomed to being on the witness stand, I know, down there in Congress, but you've got a chance to put these fellows on a witness stand.

**Secretary Symington:** Let's stick to profit-sharing. I would like to make an observation about something my good friend Mr. Keenan, said. I don't think any profit-sharing plan is worth the paper it's written on unless it's worked out with labor and management to mutual agreement. I don't think any profit-sharing plan is good if it's considered when you are bargaining for wages.

The question I'd like to ask Mr. Keenan is if in any way has there been any apprehension about profit-sharing plans making it easier for management and labor to get along without labor leadership. (Applause)

**Mr. Keenan:** I'd like to get the last part of that, Stuart.

**Secretary Symington:** Well, if I don't say quite the same thing in the lib, so forgive me. The question I'd like to ask Joe Keenan is whether or not the apprehension he has with respect to profit-sharing plans might be because—I think we all recognize that if it's enforced properly, it gets management closer to labor?



**Keenan:** I probably would agree with that. But I think that we have to set up two periods. I think that we have to start with the time that collective bargaining was accepted in this country, that came after the passing of the Wagner Act. Prior to 1936, profit-sharing plans were put in by management without consulting the employees, and it was "take it or leave it." The period of 1936 to 1943, organizations were being developed, from '43 on, labor then concerned themselves about profit-sharing. I think they'll learn more about it, and I think that, if it will benefit the worker and do what is expressed here, we can go along with them. (Applause)

**Denny:** Thank you. That's getting a measure of agreement. Mr. Boulware, are you going to go over to the other side

**Boulware:** I'd like to ask Secretary Symington—if we had profit-sharing in France since 1820 and in this country since 1860, it's been this good all the time—why we never get more than anywhere around 2 per cent of the employees in the profit-sharing plans. Are employers that dumb? Are unions that dumb they're not asking for them, if they're that good? And why do 60 per cent, I think Joe said, keep failing? Why do many of them pass out when we have the next depression? Why do things tend to start up in good times and they tend to be continued in bad times.

I asked a lot of questions there, but, first of all, why don't more people put them in? Why don't more employers put them in? Why don't more unions insist on their putting them in if they're in good, and they've been this good this long?

**Denny:** Which one of you gentlemen would like to take on, Mr. Secretary, or Mr. Hough? Mr. Hough?

**Hough:** I'd like to point out the fact that the figures which Keenan quoted, and which Mr. Boulware grasped as a straw a minute ago, are 1939 figures. I maintain that if Mr. Boulware attempted to run General Electric's business by 1939 standards they wouldn't keep him there very long. And if Mr. Keenan attempted to run his job and send down to his bargaining locals 1939 standards as a basis of bargaining, they wouldn't keep him very long. (Applause)

**Keenan:** They're 1945 figures. I would like to know how many successful profit-sharing plans there are in the United States that are operated along the lines expressed by you and Mr. Symington.

**Denny:** Very good. That's a good question. Mr. Secretary.  
**Secretary Symington:** Well, I'd like to answer part of Mr.

Boulware's question. First, however, about what Mr. Keen says, I refer you to the statement made in Senator Vandenberg's report, that there's never been a profit-sharing plan since it operated in this country that's been a failure.

So far as why there are not so many profit-sharing plans, a hundred years ago I was a businessman myself, and I've seen good many companies operate. It reminds me of a column I wrote written by Mr. Westbrook Pegler. I don't think anybody who he's an advocate of very liberal plans, in general. (Laughter) However, with respect to one particular capitalist, he wrote a column which was—we'll call his name Smith, for the record—"Mr. Smith, do you want it all?" (Applause)

**Mr. Denny:** Have you a comment, Mr. Keenan?

**Mr. Keenan:** Well, I'd like to take some exceptions to a plan developed by Senator Vandenberg in 1938, because any profit-sharing before that time was generally put in without any consultation with the employees, and hasn't had the same circumstances as those we're talking about today.

**Mr. Denny:** All right, thank you, Mr. Keenan. Now, while we have a special message for our listening audience, we're going to pause briefly for station identification.

**Announcer:** You are listening to America's Town Meeting of the Air, coming to you from Town Hall in New York, where we are discussing the question, "Is Profit-Sharing an Answer to Labor-Management Disputes?" Our speakers are Colonel S. Hough, executive vice president of the Daisy Manufacturing Company; Lemuel R. Boulware, vice president of General Electric; W. Stuart Symington, Secretary of the Air Force; and Joseph P. Keenan, director of Labor's League for Political Education.

For your convenience, we publish each week in a handy pocket-size pamphlet, called Town Meeting Bulletin, the complete transcript of each Town Meeting, including the questions and answers that follow. If you would like a copy of tonight's Town Meeting Bulletin, send 10 cents to Town Hall, New York 18, New York, with a special request for this program. If you would like copies of earlier Town Meetings, such as the one last week on "Do Our Churches Lay a Sound Basis for Faith and Living?" just identify the program subject and enclose 10 cents for each program desired and send your request to Town Hall, New York 18, New York.

Two weeks from tonight we'll have the timely discussion of the question of Germany. Our subject will be, "Is Our Present Policy Toward Western Germany Sound?" Our speakers then will be Dr. James K. Pollock, professor of Political Science, University of Michigan; Charles M. LaFollette, national director of American

Democratic Action; Dr. Edward H. Litchfield, former director of Civil Affairs for American Military Government in Berlin; and Taylor, attorney. Now for our question period, we return to Mr. Denny.

## QUESTIONS, PLEASE!

*Denny:* Now, we're ready for our first question.

*A:* My question is directed to Mr. Symington.

*Denny:* Oh, well, you had the wrong card. Secretary Symington, will you step up please? He had a No. 2 card. We select people on the basis of numbered cards.

*A:* Well, I would like to ask Mr. Symington this: do you think that any war or any sort of conflict could be won as fast as easily with the soldiers getting as much pay as the generals?

*Denny:* Well, that's an analogy that you may care to comment on. Would a war be won as easily if the soldiers got as much pay as the generals? Quite a different set of circumstances, and you are free to comment on that Mr. Secretary if you don't care to. But, let's start with this young lady down here.

*A:* Would profit-sharing give workers better buying power? Would it create better demand for goods?

*Secretary Symington:* I think that's a good question. I don't think it's any question about it. The more profit-sharing that you have—the more wealth you distribute—the greater the demand for goods.

*Denny:* Thank you. The gentleman in the balcony?

*A:* My question is directed to Cass Hough. Is there any other way to socialism in America than over-all profit-sharing in industry and minor industry?

*Hough:* No, I don't believe there is any answer. I believe in this teamwork that I've been advocating here repeatedly for about 30 minutes that we will wind ourselves up in some sort of state-dominated affair of some kind, maybe with some special things on it. But to answer your question, I think this is the answer to state socialism.

*Denny:* Thank you. The gentleman way over there on the

*A:* My question is addressed to Mr. Boulware. If labor won't work without a share of profits, how are new and struggling employees who are not yet earning profits going to hold their share of the labor?



*Mr. Denny:* Did you get that?

*Mr. Boulware:* I don't think I understand that question,

*Mr. Denny:* If you can't get labor to work well without profit-sharing, how can new businesses, which haven't earned profits, be able to get good workers and to hold them?

*Man:* There are many businesses that are not making profits for many years.

*Mr. Boulware:* Well, I have one suggestion there. That is, a great many of us suspect that folk work harder—both employees and the management, incidentally—when times are tough, even in the whole country or in a given company. So the fellow across the street from a profitable business where they are getting profit-sharing, I think, always has people very interested in trying to get into the business if he isn't making money.

On the other hand, I think it's very evident that where you have profit-sharing consistently going on, or high wages across the street with a profitable outfit, and you've got one across the street in trouble, inevitably, sooner or later, the union, or the employer, or some agency has got to come along and see that those employees are compensated because that profit-sharing gets to be a part of their pay in the minds of the folks across the street. It gets to be a new community rate.

*Mr. Denny:* Thank you. The gentleman on the aisle over there.

*Man:* Mr. Keenan, don't you believe compulsory arbitration of wages would render profit-sharing unnecessary?

*Mr. Keenan:* No, I don't. I don't think anybody in America wants compulsion. My experience has been that the employees are just as much against compulsory arbitration as unions. No one thinks we're talking about teamwork. I think we can do our work together under the free-enterprise system without compulsion. (Applause)

*Mr. Denny:* The gentleman down here in the second row.

*Man:* My question is addressed to Mr. Hough. If labor feels that it is entitled to a share of the profits and receives them for five years, will labor be willing to share in the losses should they be any in the sixth year? (Applause)

*Mr. Hough:* That's probably the \$128 question. Labor shares the losses in that normally, during a period of losses, they are denied a right to work; their period of work is cut down, and that is their loss. (Applause)

*Mr. Denny:* All right, thank you. The gentleman on the aisle here.

*Man:* My question is for Mr. Symington. Do strikes ever ha

profit-sharing industries, and, if so, is the dispute over the amount of the profit distributed?

*Secretary Symington:* I never heard of a strike in any company I was associated with where there was any question of a strike because of the question of the profits distributed. I think I will find the record of companies that have been successful in profit-sharing is extraordinarily good from the standpoint of lack of labor trouble. (*Applause*)

*Denny:* Mr. Hough wants to comment on that.

*Hough:* I just want to comment on that. I have in my briefcase the record of two companies where there were strikes when it was the thought prevalent that the profit-sharing plan was going to be discontinued. (*Applause*)

*Denny:* All right, thank you. The gentleman on the aisle

*Mr. Boulware:* How can you explain failure of your profit-sharing with your employees, yet find it successful and continue giving such benefits to your officials in some form or other? (*Applause*)

*Boulware:* That's a very good question, and it fits exactly the theory of the case here, which is that people should be paid for performance in the area under their control, or in the area where they can control what's going on.

We have a profit-sharing plan for upper management and for members of management who have an over-all effect upon marketing, engineering, manufacturing, finance, personnel, where they get into the product-planning area, the planning business where all the factors come together. When we get paid that, we try to pay people for what they accomplish in an area of their own control which is a single specialized area not the others. (*Applause*)

*Denny:* Thank you. The gentleman way over on the side

*Mr. Keenan:* My question is for Mr. Keenan. Isn't your reason for being in profit-sharing really because you know that labor would, by necessity, have to face both sides of the picture simultaneously? It means now the labor leaders—I mean the laboring people themselves.

*Keenan:* I don't think so. I think that the average laborer, the average worker, lives from payday to payday, and he plans on what he receives in his pay check. Now what you're asking is, are you willing to take the ups and downs of business?

*Mr. Keenan:* I think we have no right in management. I think we have our own thing to sell. I think management ought to be able to pay a fair

price for it. I don't think that we, in America, want labor in affairs of management. I think that's one of the great arguments in Germany today. We're satisfied to let management handle the affairs and let them pay what we consider a fair wage. (Applause)

*Mr. Denny:* Thank you. The lady here please.

*Lady:* Secretary Symington. Has the tax rule, Section 102, which would give more to the government if profits were not distributed, put pressure on corporations to share with workers?

*Secretary Symington:* Well, I don't think so. I think it's a little bit the other way around. Inasmuch as you could have a profit-sharing plan if you had put it in before a certain date, as I remember, it helped the distribution of it from a tax standpoint. Therefore, I think that it helped the worker, but I don't think it was done for the reason you suggest.

I'd like to make one comment with respect to what Mr. Keenan said. I do not agree that it's wrong for labor to get into the question of management. Of course, it's all very well to say that management is our problem and labor is their problem, but when they don't like the management, they strike. (Applause)

*Mr. Denny:* Mr. Keenan.

*Mr. Keenan:* Well, I'd like to say that I think that labor has a very definite concern about management. I think we have to work together in a competitive area where we can sit down and try to work out a plan of helping the plant keep in operation in line with its competitive position.

*Mr. Denny:* All right, sir. The next question coming up for you.

*Man:* This is for you, Mr. Keenan. You quoted a National Industrial Conference Board study that was made in 1936.

*Mr. Keenan:* Thirty-nine.

*Man:* Well, ten years ago. The 1948 study, just a year ago, showed that twice as many profit-sharing plans were successful as were failures. What do you have to say to that?

*Mr. Keenan:* Well, I'd like to know what the total of the over-all is and then how many concerns in the United States have profit-sharing.

*Man:* You were talking about success and failure. You left the impression with the audience that 60 per cent of the plans failed. That just is not true about the plans that you are concerned with. About the current plans that were started in the last ten years. There have been more successes than failures.

*Mr. Keenan:* What's the experience?

*Man:* The experience is the report of the National—

*Mr. Keenan:* How many years?



an: For about 35 years, including the plans started since the war was over.

r. Keenan: Well, let's take the figures that I have from '36. These new ones have just a short period of experience. Now take the sample after a few years. But, up to now, I would stand on my original statement that, generally, 60 per cent of them fail.

an: Well, the facts are different, Mr. Keenan. (*Laughter and applause*)

r. Keenan: I want to point out that the new ones haven't been through a depression.

r. Denny: Just a minute. Mr. Hough would like to comment on the question Mr. Keenan has asked twice here and I think perhaps the audience would like to know—the number of firms that have profit-sharing plans. I think you have those figures, don't you?

r. Hough: It is my understanding that there are between 3,200 and 3,500 firms in the United States that are practicing what we call real profit-sharing plans.

r. Denny: Thank you. Now the gentleman over there.

an: The question is directed to Mr. Hough. After the employee is retired, is his profit-sharing status amputated or decisively cut at the point where he feels useless as an active member in his organization?

r. Hough: After he's been what?

an: I mean after he is retired is his profit-sharing status cut? Does he feel useless as an active member in his organization?

r. Hough: I don't know how he feels because I've never been in that position. (*Laughter*) But I would point out this—this is my personal opinion—that any profit-sharing plan that doesn't encompass a retirement feature which will keep old employees in the very method which you mentioned is failing in its purpose.

an: That's the point I just had to make. Thank you, very much.

r. Denny: All right. That gentleman back there who has a position for Secretary Symington.

an: Mr. Symington, I get a bit burned up when I hear representatives of our government bearing down on the capitalists who have made this country the prosperous country that it is. Now, my position is this. Without the capitalists, we'd be in a sad way. You go to hear Mr. Boulware say that General Electric gave bonuses of 10 million and of 40 million in an attempt to work out a profit-sharing plan. How do you then justify your assertion that he is profit-sharing with capital only?

*Mr. Symington:* Well, I'll try to answer this question so don't ignite anybody around you. (*Laughter and applause*)

My good friend Mr. Boulware made the statement that profit sharing without capital risk gives a false impression of our system of private property and incentives. Now I don't believe that an average American workman can ever make a profit on the average American workman's pay if it's dependent upon his having capital. I think the greatest thing about a profit-sharing plan is that it gives American workmen a possibility of getting a share in capital. (*Applause*)

*Mr. Denny:* Thank you. The gentleman here.

*Man:* Mr. Keenan, can't the percentage of profit that is to go to the employees be made part of the collective bargaining right of labor?

*Mr. Keenan:* Well, I don't see how you could do it. You generally negotiate a contract a year in advance. Now I don't think an average working person wants to gamble with profits. I think you'll leave the door wide open for disputes. I think it ought to be an open and closed shut case, as far as wages are concerned.

Now on the plans that they're talking about—to set them after you've worked out your wage negotiation and then divide the profits—I think there's some merit there. But to try to get into wages and working conditions, I think you're just opening up an avenue of disputes that you'll never be able to close.

*Mr. Denny:* Thank you. This question for Mr. Boulware.

*Man:* Why is it that whenever a worker wishes to share profits by asking his boss for a raise, he usually gets a hard story?

*Mr. Boulware:* You will never hear the General Electric Company, at any time I've had anything to do with employee relations, plead inability to pay. I believe that ability to pay is the whole basis for setting wages. I believe that inability to pay is just wrong. I agree with Joe Keenan completely that we need to set standards for wages as the going, ruling thing in accordance with agreements as to what is the value of those services economically and socially at that time.

I do not think that the employer ought to plead inability to pay because it's of no use to him—it's of no point to the workman whether he's running his business intelligently or not. If a fellow's doing the thing that's within the area under his contract, he wants to get paid whether the boss is smart, or he's out drinking or playing golf or maybe out with blondes wasting the money. (*Applause*)

*Mr. Denny:* Thank you. Thank you very much, Mr. Boulware.

Martin Main perhaps you'd better apply for a job at General Eric so at least you won't have that answer.

Now, while our speakers prepare their summaries of tonight's session, here's a special message of interest to you.

*Announcer:* In a moment, you'll hear the summaries of each of four speakers. We frequently receive letters from listeners asking why Mr. Denny does not give an objective summary of the discussions. We received such a letter last week which prompts us to explain that the purpose of Town Meeting is to encourage you, our listeners, to weigh and evaluate the arguments of speakers for yourselves and come to your own conclusions. America is a great and diversified country. We cannot expect a coal miner of Western Pennsylvania, the farmer in Iowa, the merchant of the great Northwest, and the New England manufacturer to hold similar opinions about the great controversial issues of our day. Yet, all of us are a part of the same great economic system, and our general welfare is seriously affected when any part of the system breaks down.

It is essential, then, for us to know what we, as free Americans, can do or should do about these problems in our own interests. Your Town Meeting is designed to help you meet these responsibilities as an active citizen of the world's greatest democracy.

Now for the summaries of tonight's discussion, we return you to Mr. Denny.

*Denny:* Mr. Joseph Keenan, may we have your summary?

*Keenan:* I believe, tonight, we're concerned about the welfare of our country. We, in labor, want to play on the team. We, in management, believe in the free enterprise system. Workers all over the world, our members, and our officers were in the battlefields all over the world, and they had a chance to compare the living conditions of the people of those countries. We know how well off we are. We believe in the free enterprise system. We want to see it work, and we'll cooperate in every way. (*Applause*)

*Denny:* Thank you, Mr. Keenan. Secretary Symington,

*Secretary Symington:* Nothing said here tonight has changed in any way my conviction that profit-sharing, sincerely operated, can reduce areas of disagreement between management and labor. Because of the steadily growing strength of forces outside the United States, forces against our way of life, I believe it is of the utmost importance that all the productive forces in the United States work together on an all-American team. In that way, we



will grow stronger through understanding, and, therefore, see and, in that way, we can remain free. (Applause)

*Mr. Denny:* Thank you, Secretary Symington. Mr. Boulware please.

*Mr. Boulware:* I'm just as obstinate as Secretary Symington. (Laughter) I believe thoroughly that we should pay what's due for what's within the area under the control of the worker. I think we should make available this partnership they talk about, the participation and the rewards for that, and the dividend of that part of the partnership, for the area under the control of the worker. (Applause)

*Mr. Denny:* Thank you, Mr. Boulware. Mr. Hough, please.

*Mr. Hough:* For my dough, the only arguments advanced by our opponents are that profit-sharing didn't work at G. E. and 60 per cent of some plans failed years ago, and, so, profit-sharing can't be any good. Now I'd just like to ask you this: Are biscuits no good because the new bride failed miserably on her first attempt? (Applause)

*Mr. Denny:* Thank you, Mr. Hough, Mr. Boulware, Secretary Symington, and Mr. Keenan for a very enlightening discussion of this very important question. Now, next week, we'll take up the question that's occupying the front pages and editorial pages throughout the world: "Should We, the United States, Recognize the Chinese Communist Government?" Can we do business with Communist China, in other words? Our speakers will be Senator Styles Bridges, Republican of New Hampshire; Admiral Charles M. Cooke, Jr., U. S. Navy, Retired; Dr. John K. Fairbanks, Professor of History at Harvard University; and Mr. George Cobean, president of the Bulkley Dunton Paper Company, South America.

So plan to be with us next week and every week at the sound of the crier's bell. (Applause)